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Message Text

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TO ALL EAST ASIAN AND PACIFIC DIPLOMATIC POSTS
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SUBJECT: COM CONFERENCE

FOR AMBASSADOR AND CHARGE ONLY/HONG KONG FOR SHOESMITH ONLY FROM HOLBROOKE

THE FOLLOWING IS A PAPER I SENT TO THE SECRETARY IN LATE NOVEMBER OUTLINING MY CONCERN OVER THE DRIFT OF US POLICY IN EAST ASIA. I AM PROVIDING IT TO YOU ON AN EYES-ONLY BASIS BECAUSE I BELIEVE IT WOULD BE USEFUL AS BACKGROUND READING PRIOR TO OUR COM CONFERENCE. I LOOK FORWARD TO HEARING YOUR REVISIONS AND COMMENTS WHEN WE MEET IN HONG KONG.

BEGIN TEXT

CONCERN OVER U.S. POLICY IN EAST ASIA
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YOUR JUNE 29 ASIA SOCIETY SPEECH PROVIDED A FIRM AND COMPREHENSIVE STATEMENT OF OUR DETERMINATION TO REMAIN AN ASIAN AND PACIFIC POWER. IT DID A GOOD DEAL TO ALLAY STILL-SURVIVING POST-VIETNAM, POST-WATERGATE CONCERN OVER U.S. INTENTIONS IN ASIA.

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BUT THE EFFECTS OF OUR REASSURANCES TO EAST ASIA HAVE BEGUN TO WEAR THIN. DEVELOPMENTS NOT NECESSARILY CONFINED TO THEIR AREA TEND TO BE SEEN CUMULATIVELY BY EAST ASIANS WHO ARE BEGINNING TO FEAR NOT ONLY THAT WE ARE FAILING TO FOLLOW THROUGH ON OUR EXPRESSIONS OF POSITIVE INTEREST, BUT ALSO THAT SOME OF OUR POLICIES ARE BECOMING POSITIVELY UNHELPFUL. THIS FEELING IS HEIGHTENED BY SELF-INDUCED AND SELF-FULFILLING ASIAN FEELINGS OF INSECURITY AND THEIR GENERAL FAILURE TO UNDERSTAND THAT WE ARE NOT "TURNING AWAY" FROM ASIA.

DESPITE VAST INTERNAL DIFFERENCES IN THE REGION, THE RELATIONSHIP WITH THE UNITED STATES REMAINS A CENTRAL CONSIDERATION FOR ALL. EACH COUNTRY TENDS TO SEE PORTENTS FOR ITSELF IN OUR POLICIES TOWARD ITS NEIGHBORS. THERE IS A TENDENCY TO QUESTION WHETHER THE UNITED STATES SEES INTER-RELATIONSHIPS IN ASIA AS CLEARLY AS IT SHOULD, WHETHER WE HAVE A STRATEGY THAT REALLY TAKES INTO ACCOUNT THE INTERESTS OF THE REGION AS A WHOLE AND OUR INTERESTS IN THE REGION:

-- THERE IS CONCERN, NOT JUST IN SEOUL AND TOKYO BUT EVERYWHERE IN EAST ASIA, THAT THE VOLATILE ELEMENTS OF OUR KOREAN PROBLEM WILL COMBINE EXPLOSIVELY TO UNDERMINE OUR STRATEGIC COMMITMENT TO KOREA AND TO NORTHEAST ASIA AS A WHOLE.
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-- NOT ONLY THE COUNTRIES IMMEDIATELY AFFECTED, BUT ALSO JAPAN, AUSTRALIA, AND NEW ZEALAND REACT WITH ALARM WHEN IT APPEARS THAT OUR EXPRESSED INTEREST IN THE SECURITY AND ECONOMIC ADVANCEMENT OF SOUTHEAST ASIA IS NOT MATCHED BY OUR ACTIONS THERE. THE SPECIFIC APPLICATION TO SEASIAN COUNTRIES OF GLOBAL ARMS TRANSFER, HUMAN RIGHTS, AND ECONOMIC POLICIES IS SEEN IN THIS LIGHT.

-- THE DEVELOPING COUNTRIES OF THE AREA, DESPITE THEIR EVIDENT DIFFERENCES, HAVE A NUMBER OF INTERESTS IN COMMON. THEY SEE THEIR FURTHER PROGRESS AS HINGING ON FREE ACCESS TO MARKETS, FOREIGN INVESTMENT, AND SOME CONTINUED ASSISTANCE IN THE FORM OF SOFT LOANS AND OTHER CONCESSIONAL TREATMENT. WE HAVE ENCOURAGED THEM TO BELIEVE THAT WE UNDERSTAND AND SUPPORT THEIR OBJECTIVES. WE HAVE ADMONISHED THEM THAT THEIR CONCERN WITH OUR DIMINISHED MILITARY PRESENCE IS MISPLACED, AND HAS CAUSED THEM TO OVERLOOK THE IMPORTANCE OF OUR ECONOMIC PRESENCE TO US AS WELL AS TO THEM. BUT THEY SEE MANY OF OUR ACTIONS IN THE ECONOMIC FIELD AS BELYING OUR WORDS.

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-- OUR SUPPORT FOR CONCESSIONAL LENDING IS DIMINISHING WORLDWIDE AS CONGRESS CUTS IFI APPROPRIATIONS, THE U.S. NOW ABSTAINS OR VOTES AGAINST IFI LOANS ON HUMAN RIGHTS GROUNDS, AND CONGRESSMAN LONG THREATENS FURTHER CUTS TO IFI'S AND UN AGENCIES -- A THREAT ESPECIALLY IMPORTANT IN ASIA BECAUSE OF THE ADB. THEY HAVE NOTED THE PARTICULAR IMPORTANCE YOU GAVE THE ADB IN YOUR ASIA SOCIETY SPEECH. THE REALITY, HOWEVER, IS THAT OUR CONTRIBUTIONS TO THE ADB SOFT-LOAN FUND ARE TWO YEARS BEHIND SCHEDULE; WE HAVE BEEN LESS SUPPORTIVE THAN OTHER DONORS IN OUR REPLENISHMENT PLEDGES; OUR ADB PRESENCE HAS SHRUNK BY NEARLY 50 PER CENT BECAUSE OF THE IMPACT OF NEW TAX LAWS ON AMERICAN STAFF; AND, FOR THE FIRST TIME, WE
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ARE RAISING NON-ECONOMIC (I.E., HUMAN RIGHTS) CONSIDERATIONS IN ADB DELIBERATIONS.

-- OUR NEUTRAL POSITION ON PROMOTING PRIVATE AMERICAN INVESTMENT ABROAD IS EVIDENT. AT THE SAME TIME, THERE IS DEEP CONCERN THAT RESTRICTIONS ON OVERSEAS TAX CREDITS AND PROPOSALS ON INCOME TAX DEFERRAL WILL ACTIVELY DISCOURAGE SUCH INVESTMENT.

-- WHILE WORLDWIDE U.S. AID LEVELS HAVE RISEN BY 28 PER CENT, PROJECTED AID TO EAST ASIA FOR 1979 REMAINS AT 1978 LEVELS; WE HAVE HARDENED OUR BILATERAL ASSISTANCE TERMS TO INDONESIA, THE PHILIPPINES, AND THAILAND; DELAYS IN P.L.-480 ASSISTANCE AND ITS LINKAGE TO HUMAN RIGHTS HAVE HAD A NEGATIVE IMPACT IN KOREA AND INDONESIA.

-- CONCERN OVER THE IMPACT OF PROTECTIONIST DRIVES ON GROWTH PROSPECTS IS RISING. THESE AFFECT NOT ONLY THOSE COUNTRIES ALREADY DEPENDENT ON LARGE-SCALE EXPORTS OF MANUFACTURES BUT ALSO THOSE STILL HEAVILY DEPENDENT ON RAW MATERIAL EXPORTS. A RECENT CASE IN POINT IS THE CONGRESSIONAL REQUIREMENT THAT WE VOTE AGAINST IFI LOANS SUPPORTING PALM OIL PRODUCTION WHICH ENTERS HEAVILY INTO THE MALAYSIAN TRADE BALANCE AND IS IMPORTANT TO INDONESIA. A SIMILAR CONSTRAINT WAS IMPOSED ON SUGAR, IMPORTANT TO THE PHILIPPINES.

-- THERE IS DISAPPOINTMENT ALSO IN SOUTHEAST ASIAN COUNTRIES THAT, WHILE WE HAVE APPLAUDED THEIR DETERMINATION TO ACHIEVE A SELF-RELIANT DEFENSE, OUR RESPONSE TO THEIR RATHER MODEST REQUESTS HAS BEEN LONG-DELAYED; FY 1978 MAP AND FMS CREDITS FOR THE PHILIPPINES WERE REDUCED BY CONGRESS; GRANT MAP ENDS IN FY 1978 FOR THAILAND
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AND INDONESIA; FMS IS DECLINING. SPECIFIC REQUESTS FOR ARMS ARE HARD TO APPROVE -- AS IN THE CASE OF THE 1-HAWKS FOR SINGAPORE.

-- ASIANS SOMETIMES MISTAKENLY MEASURE THEIR RELATIVE PRIORITY IN OUR GLOBAL POLICY BY WEIGHING THE AMOUNT OF TIME, TRAVEL, AND PUBLIC ATTENTION THEY RECEIVE FROM YOU AND THE PRESIDENT. ACCUSTOMED FOR YEARS TO THE DRAMA -- NO MATTER HOW PAINFUL IT WAS -- OF AN AMERICAN OBSESSION WITH OUR SECURITY INVOLVEMENT IN THE REGION, THEY HAVE NOT YET LEARNED THE JOYS AND ADVANTAGES OF BECOMING A RELATIVE "BACK-BURNER", WITHOUT CONSTANT HIGH-LEVEL ATTENTION.

NONE OF THESE DEVELOPMENTS TAKEN SINGLY IS PARTICULARLY EARTHSHAKING. IN FACT, I APPROVE OF MANY OF THE SPECIFIC STEPS WE HAVE TAKEN, SUCH AS THE ENDING OF GRANT MAP. BUT THEY ARE NOT SEEN SEPARATELY BY OUR EAST ASIAN FRIENDS AND WE HAVE NOT SENT ENOUGH SYMBOLIC GESTURES BACK TO BALANCE AND REASSURE ASIA OF OUR CONTINUED INVOLVEMENT -- TO PUT IN OTHER WORDS FLESH ON THE WELL-RECEIVED RHETORIC OF YOUR ASIA SOCIETY SPEECH. AS WE TAKE STEPS WHICH WORRY ASIA, IT BECOMES ALL THE MORE IMPORTANT TO FIND OTHER WAYS OF REASSURING OUR FRIENDS.

I KNOW IT IS NOT NECESSARY FOR ME TO ARGUE THE CASE OF THE IMPORTANCE OF ASIA WITH YOU AT LENGTH. ITS HUGE POPULATION, ITS SIZE PLUS STRATEGIC LOCATION, AND OUR TWO-WAY TRADE WITH THE REGION (IN 1976, DOLS 52.6 BILLION, COMPARED TO DOLS 43.2 BILLION WITH THE EC; IN 1977, AN ESTIMATED DOLS 59 BILLION), ALL SHOULD SPEAK FOR THEMSELVES.

NOR DO I MAKE THIS MEMO A SPECIFIC SET OF PROPOSALS TO DEAL WITH THE PROBLEM, SINCE EACH INDIVIDUAL ITEM CAN CONFIDENTIAL

BE DEALT WITH AS IT ARISES. MY PURPOSE HERE IS TO STRESS THREE THINGS:

-- OUR ASSESSMENTS FROM THE ENTIRE REGION AND FROM EVERY SOURCE TELL US THAT THERE IS A CONTINUING PROBLEM WHICH YOUR SPEECH BEGAN TO DISPEL, ONLY TO SEE IT RISE AGAIN IN RECENT WEEKS; I URGE YOU TO BRING THIS IMPORTANT

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FACT TO THE PRESIDENT'S ATTENTION;

-- THE ALLOCATION OF OUR GLOBAL RESOURCES IN RECENT WEEKS AS WE BEGIN THE DIFFICULT PROCESS OF APPLYING WORLD-WIDE FUNCTIONAL POLICIES SUCH AS ARMS TRANSFERS, HUMAN RIGHTS, AND AID ARE GOING TO CREATE AN EVEN STRONGER IMPRESSION IN ASIA OF AMERICAN NEGLECT (YOUR DEVISION ON THE F-5'S TO INDONESIA WAS AN IMPORTANT COUNTERSTEP);

-- THIS IS NOT A PROBLEM THAT CAN BE DEALT WITH THROUGH A SINGLE ACTION OR A "PLAN". RATHER, IT REQUIRES A WAY OF THINKING ABOUT OUR WORLD-WIDE PRIORITIES WHICH DOES NOT LEAVE ASIA FEELING LEFT OUT IN THE COLD, TRYING TO PUSH ITS WAY IN. THUS IT IS IMPORTANT, THAT THIS GENERAL CONCERN BE FACTORED INTO THE THINKING OF YOU AND THE PRESIDENT AND OTHER SENIOR OFFICIALS. THIS SPECIFICALLY MEANS REMEMBERING EAST ASIA (INDIA, WHILE ASIAN, IS NOT REGARDED AS A SUBSTITUTE OR SYMBOL OF THE ASIAN/PACIFIC REGION) WHEN SUCH MATTERS AS HIGH-LEVEL TRIPS, STATE/-OFFICIAL VISITS TO WASHINGTON, MAJOR STATEMENTS AND SPEECHES, HUMAN RIGHTS, ARMS TRANSFERS, AND OTHER SIMILAR MATTERS COME UP.

I WANT TO STRESS THAT I STRONGLY SUPPORT THE PRESIDENT'S GLOBAL POLICIES, AND BELIEVE THAT AN EFFORT TO MAKE THEM CONFIDENTIAL

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WORK IS BOTH ESSENTIAL AND FEASIBLE. HOWEVER, IF THEY ARE APPLIED IN A WAY WHICH IS VIEWED IN ONE PART OF THE WORLD AS DISCRIMINATORY TOWARDS THAT REGION, WE WILL FACE TROUBLE. I CANNOT SAY WHETHER OTHER REGIONS FEEL THE SAME WAY, ALTHOUGH EACH OF THEM HAS HAD, FOR ONE REASON OR ANOTHER, MORE AMERICAN ATTENTION THAN ASIA.

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